MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: PAPS Review of Administrative Plan for SR Division Special Project AE[...]

1. An Administrative Plan for the subject project was authorized in April 1954. The Plan was prepared to provide for the write off of project funds transmitted in indigenous currency to agents penetrating denied areas, which funds could not be accounted for in conformance with existing Agency regulations.

2. A review of the Plan was initiated in the latter part of April 1956, and at that time this Staff was advised by both SR Division and Finance Division that there was no need for the Plan and that the Division had never operated under it because almost concurrently with the authorization of the Plan, a staff study applicable to the financial requirements of this project was prepared by the Chief, Finance Division and approved by the Comptroller under date of 27 April 1955.

3. The study establishes accounting procedures for funds furnished agents penetrating denied areas and takes the position that such procedures represent a standardization and definition of accounting requirements rather than a waiver or modification of normal requirements. It concludes, therefore, that such procedures may be implemented under regulations without recourse to an Administrative Plan or other special approval procedure. (It appears to be implicit in the study that the reference to regulations means existing regulations, since the study itself, as approved, is considered the authority for using the procedures established thereby.)

4. This Staff will recognizes the advantages in establishing standardized procedures whenever applicable, and the accounting for funds in denied areas appears to lend itself to such standardization. However, while it is not within the province of this Staff to determine either the propriety of the medium used to establish these procedures or the adequacy of its circulation, it does appear that an Agency regulation covering the matter would insure that the procedures are properly authorized and that all affected Agency components have knowledge of them. A copy of the study is attached for your information.

Project Administrative Planning Staff, DD/S

DOROTHY FIELDER
Project Review Officer

PAPS/DES/DF:bc
(9 May 1956)

SECRET

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Comptroller   11 April 1958

Chief, Finance Division

Accounting for Funds Furnished Agents
Penetrating Denied Areas

1. PROBLEM:

a. FI Projects are activated from time to time which have as their ob-
jective the penetration of, or funding of agents who have pene-
trated, denied areas.

b. Confusion has arisen as to the nature of and extent to which ac-
countings for funds authorized for such projects, must be accom-
plished.

c. Clarification of accounting requirements and point of charge to
expense is necessary to the efficient effective administration of
these projects.

2. DISCUSSION:

a. It is not realistic to require nor to expect detail accountings by
the agents funded under these projects, since in many instances it
is not contemplated that the agent will, or will be able to, ex-
filtrate. In instances where exfiltration occurs, maintenance of
records necessary to effect detail accounting would place an un-
reasonable and unjustified risk on the agent.

b. It is reasonable to expect and require the Case Officer, or other
Agency person, serving as point of control and contact with the
agent to render normal accountings for funds passed.

c. Control over the ultimate disposition and use of funds injected
into denied areas can be maintained by recording in memorandum ac-
set accounts for followup and clearance on exfiltration of the
agent or certification by his division that he must be presumed
lost or is not expected to exfiltrate.

3. CONCLUSIONS:

a. It is concluded that:

(1) Funds advanced under authority granted in projects contemplat-
ing penetration of, or funding of agents in, denied areas should be